

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

## PATENT

<b>Inventor:</b>	Willis, et al.	<b>Docket No.:</b>	10060.0100
<b>Serial No.:</b>	09/844,198	<b>Examiner:</b>	Jocelyn Greimel
<b>Filing Date:</b>	April 27, 2001	<b>Art Unit:</b>	3693
<b>Title:</b>	Computer-implemented Method and Apparatus for Adjusting the Cost Basis of a Security		

### AMENDMENT AND RESPONSE TO OFFICE ACTION

Mail Stop Amendment  
Commissioner for Patents  
P.O. Box 1450  
Alexandria, Virginia 22313-1450

Commissioner:

This amendment is made in response to the Office Action mailed June 19, 2006.

**Amendments to the Claims** are reflected in the listing of claims which begins on page 2 of this paper.

**Remarks/Arguments** begin on page 14 of this paper.

**AMENDMENT**

Please amend the captioned application as follows:

**Amendments to the Claims:**

This listing of claims will replace all prior versions, and listings, of claims in the application:

**Listing of Claims:**

1. (currently amended): A computer-implemented method for determining a cost basis associated with a plurality of shares of a security, comprising the steps of:

[[ (A) ]] entering, into a computer system, information identifying an issuer associated with the security, a purchase date of the security, and a number of shares of the security purchased on the purchase date;

[[ (B) ]] determining a purchase price per share of the security on the purchase date;

[[ (C) ]] retrieving from a database, in response to the information identifying the issuer, the purchase date and the sale date, a list of capital events that occurred in connection with the security between the purchase date and sale date, [[ (:) ]] wherein the list of capital events includes at least one event selected from the group consisting of a distribution reinvestment, a spin-off event, a merger event and a split event, [[ (:) ]] and wherein the database stores past price per share information and capital events for a plurality of different [[ (of) ]] securities associated with different issuers;

[[ (D) ]] retrieving from a database one or more shares held adjustment ratios, wherein the shares held adjustment ratios correspond to at least one of the capital events that occurred in connection with the security between the purchase date and the sale date;

[[ (E) ]] determining a current cost basis associated with the security by applying at least one shares held adjustment ratio to the initial basis of the security; ~~and~~

[[ (F) ]] if multiple shares held adjustment ratios were retrieved from the database, then

- [[~~(i)~~ ]]assigning an intermediate cost basis equal to the current cost basis;  
[[~~(ii)~~ ]]adjusting the current cost basis by applying a further shares held adjustment ratio to the intermediate cost basis; and  
[[~~(iii)~~ ]]repeating ~~steps (i)-(ii) the steps of assigning an intermediate cost basis equal to the current cost basis and adjusting the current cost basis~~ until each further shares held adjustment ratio retrieved from the database has been used to adjust the cost basis of the security,[[~~(i)~~]] wherein each further shares held adjustment ratio retrieved from the database has an event date associated therewith and is applied in ~~step (F)~~ in a chronological order such that the shares held adjustment ratio associated with a latest event date is applied in a final iteration of ~~step (ii) the step of adjusting the current cost basis~~[[~~(i)~~]] ; and  
~~storing information relating to the current cost basis in a memory.~~
2. (original) The method of claim 1, wherein the price of the security on a purchase date is provided by a user.
3. (currently amended) The method of claim 1, wherein the price of the security on a purchase date is obtained from a database.
4. (original) The method of claim 1, wherein the plurality of different securities include common stocks, mutual funds and closed end bond funds.
5. (currently amended) The method of claim 1, wherein the shares held adjustment ratio associated with each ~~dividend distribution~~ reinvestment event stored in the database corresponds to a dividend amount issued per share at the time of each such ~~dividend distribution~~ reinvestment event.

6. (currently amended) The method of claim 1, wherein the shares held adjustment ratio associated with each [[stock-]]split event stored in the database corresponds to a number of additional shares of a given security issued for each share of the given security held prior to such [[stock-]]split event.

7. (original) The method of claim 1, wherein the shares held adjustment ratio associated with each merger event stored in the database corresponds to a number of shares of a security associated with a merged entity issued for each share associated with an issuer that merged into the merged entity.

8. (original) The method of claim 1, wherein the shares held adjustment ratio associated with each spin-off event stored in the database corresponds to a number of shares of a security associated with a spun-off entity issued for each share associated with an issuer that divested the spun-off entity.

9. (currently amended) The method of claim 1, wherein the shares held adjustment ratio[[n]] associated with a merger event stored in the database corresponds to a number of shares of a security associated with a merger entity issued for each share associated with an issuer that merged with the merger entity.

10. (original) The method of claim 1, wherein the list of capital events further includes worthless security events.

11. (original) The method of claim 10, further comprising the step of notifying a user of the worthless security event, the date of the worthless security event, and the basis of the security at the time of the worthless security event.

12. (original) The method of claim 1, wherein the step of entering, into a computer system, information identifying an issuer associated with the security, a purchase date of the security, and a number of shares of the security purchased on the purchase date further comprises entering the information into the computer system via a graphical user interface.

13. (original) The method of claim 1, wherein the step of entering, into a computer system, information identifying an issuer associated with the security, a purchase date of the security, and a number of shares of the security purchased on the purchase date further comprises entering the information into the computer system via a spreadsheet interface.

14. (original) The method of claim 1, wherein the step of entering, into a computer system, information identifying an issuer associated with the security, a purchase date of the security, and a number of shares of the security purchased on the purchase date further comprises entering the information into the computer system via a batch list.

15. (currently amended) The method of claim 1, wherein the list of capital events further includes security delisting events, and the method further comprises the step of notifying a user of the delisting event, the date of the delisting event, and the basis of the security of the delisting event.

16. (original) The method of claim 15, wherein the list of capital events further includes security relisting events, and the method further comprises the step of determining whether a security has been relisted after a delisting event.

17. (currently amended) The method of claim 1, wherein the database stores the capital events for the plurality of different securities in a first table, and the database stores price information for each of the plurality of different securities in at least a second table.

18. (original) The method of claim 17, wherein the database further stores security issuer information in a third table, said security issuer information correlating identification changes in a security.

19. (original) The method of claim 17, wherein for each capital event stored in the first table, the database includes fields corresponding to a name of a company associated with such capital event, a stock symbol associated with such capital event, a CUSIP number associated with such capital event, a date of such capital event, a type of such capital event, and a shares held adjustment ratio associated with such capital event.

20. (original) The method of claim 19, wherein for each capital event stored in the first table, the database further includes a field that stores a value correlating the stock symbol and the CUSIP number associated with such capital event.

21. (original) The method of claim 20, wherein the value correlating the stock symbol and the CUSIP number uniquely identifies an issuer associated with a given security in the database as such issuer undergoes merger events, spin-off events and name change events.

22. (currently amended) The method of claim 17, wherein for each date for which price information is stored in the second table, the database stores a high price, a low price, an open price and a close price for each of the plurality of different securities.

23. (currently amended) The method of claim 1, further comprising the steps of:  
determining whether a security for which a present basis is to be determined is an option security;[[I]] and  
where the security for which a present basis is sought is an option security, determining whether the option security was exercised.

24. (currently amended) The method of claim 23, further comprising the steps of:  
retrieving a shares held adjustment ratio and an exercise price for an option security from a database when it is determined that the option security was exercised;[[,]] and  
determining from an option security basis and the exercise price a basis in a security obtained by exercise of the option security.

25. (currently amended) The method of claim 23, further comprising the steps of:  
retrieving an expiration date from a database when it is determined that an option security has not been exercised;[[,]] and  
where the expiration date is prior to the present date, informing a user of the expiration of the option security, the date of such expiration, and the basis of the option securities held on the date of expiration.

26. (original) The method of claim 1, wherein the list of capital events further includes at least one rights issuance.

27. (currently amended) The method of claim 26, ~~wherein the method further comprises~~ comprising the steps of:  
when rights issuance is retrieved as a capital event for a security, notifying the user of the rights issuance;  
determining whether the rights have been exercised; and  
when the rights have been exercised, determining a basis allocation between the original security and a security acquired by exercise of the rights,[[,]]

28. (original) The method of claim 1, wherein the list of capital events further includes at least one warrants issuance.

29. (currently amended) The method of claim 28, ~~wherein the method further comprises~~ comprising the steps of:

when a warrants issuance is retrieved as a capital event, notifying the user of the warrants issuance;

determining whether the warrant has been exercised; and

when the warrant has been exercised,[[,]] determining a basis allocation between the original security and the interest acquired by exercise of the warrant.

30. (currently amended) A computer-readable medium tangibly embodying instructions which, when executed by a computer, implement a process comprising the steps of:

receiving from a user an identifier associated with an investment for which the basis is desired to be tracked;

receiving from the user a purchase price for the investment when the user knows the purchase price of the investment;

determining the original basis of the investment;

accessing a database to identify capital events of interest, wherein said capital events of interest occurred after the investment was purchased, said capital events further including at least one capital event from the group consisting of a dividend reinvestment event, a spin off event, a merger event, a split event, and an option expiration event;

determining from a database the effect of identified capital events of interest on the basis of the investment;

applying the effect of identified capital events of interest to the original basis to determine a corrected basis; and

informing the user of the corrected basis.



31. (currently amended) A computer-readable medium tangibly embodying instructions according to claim 30, wherein the instructions when executed by a computer further ~~comprising~~ comprise the steps of:

when a ~~[[use]]~~ user does not know the purchase price of the investment, querying the user for the purchase date of the investment; and

when the user provides a purchase date for the investment, querying a database to determine the purchase price of the investment on the provided purchase date.

32. (currently amended) A computer readable medium tangibly embodying instructions according to claim 31, wherein the instructions when executed by a computer further comprise the steps of:

when a purchase date is unknown, determining a period within which the investment was purchased;

determining from a database ~~the purchase prices~~ at least one purchase price for the investment during the period; and

determining an average purchase price for the investment for the identified period.

33. (currently amended) A computer-readable medium tangibly embodying instructions according to claim 30, wherein the instructions when executed by a computer further comprise the steps of:

determining whether the investment has been sold;

when the investment has been sold, querying the user for a sale price of the investment;

when the user provides ~~[[a]]~~ the sale price for the investment, determining the amount received for selling the investment; and

determining the capital gain or loss for the investment~~[[;]]~~ wherein the process further limits capital events of interest to those capital events having occurred after purchase of the investment and prior to sale of the investment.

34. (currently amended) A computer-readable medium tangibly embodying instructions according to claim 33, wherein the instructions when executed by a computer further ~~comprising~~ comprise the steps of:

when a user does not know the sale price of the investment, querying the user for the sale date of the investment; and

when the user provides a sale date for the investment, querying a database to determine the sale price of the investment on the provided sale date.

35. (currently amended) A computer readable medium tangibly embodying instructions according to claim 34, wherein the instructions when executed by a computer further comprise the steps of:

when a sale date is unknown, determining a period within which the investment was sold;  
determining from a database ~~the sale prices at least one sales price~~ for the investment during the period; and

determining an average purchase price for the investment for the identified period.

36. (currently amended) A computer readable medium tangibly embodying instructions according to claim 30, wherein the instructions when executed by a computer further comprise the steps of:

determining whether the investment is an option investment:

when the investment is an option investment, querying the user to determine whether the option investment was an option to purchase an associated investment;

when the investment is an option to purchase an associated investment, querying the user to determine whether the option to purchase an associated investment was exercised;

when the option to purchase an associated investment was exercised, querying the user to determine the exercise price of the associated investment; and

determining the basis of the associated investment based on the exercise price of the investment and the purchase price of the option to purchase.

37. (original) A computer readable medium tangibly embodying instructions according to claim 30, wherein the investment is a publicly traded security, the quantity of the security being definable in units, and wherein the basis of the investment is expressed in per units terms.

38. (original) A computer readable medium tangibly embodying instructions according to claim 30, wherein the instructions when executed by a computer further comprise the steps of:

querying a user to determine a purchased number of units of a security comprising the investment desired to be tracked;

retrieving from a database a shares held adjustment ratio associated with a capital event of interest for the publicly traded security;

adjusting the basis per share of the security by determining an adjusted number of units of the security held, said adjusted number being determined by multiplying purchased number of units by the shares held adjustment ratio, and adjusting the basis per share of the investment as required by the adjusted number of units.

39. (currently amended): A system for determining a cost basis associated with a plurality of shares of a security, comprising:

[(A)] a computer system with a user interface that receives information identifying an issuer associated with the security, a purchase date of the security, a number of shares of the security purchased on the purchase date, and a sale date of the security;

[(B)] a database coupled to the computer system, wherein the database stores a purchase price per share of the security on the purchase date;

[(C)] software that causes the computer system to retrieve from the database, in response to the information identifying the issuer, the purchase date and the sale date, a list of capital events that occurred in connection with the security between the purchase date and sale date, wherein the list of capital events includes at least one event selected from the group consisting of a reinvested dividend event, a stock spin-off event, a stock merger event and a

stock split event,[[;]] and wherein the database stores past price per share information and capital events for a plurality of different [[o]] securities associated with different issuers;

[[ (D) ]] wherein the software further causes the computer system to retrieve from the database one or more cost basis adjustment ratios, wherein each of the cost basis adjustment ratios corresponds to one of the capital events that occurred in connection with the security between the purchase date and the sale date;

[[ (E) ]] wherein the software further causes the computer system to determine a current cost basis associated with the security by applying a first cost basis adjustment ratio to the purchase price per share of the security; and

[[ (F) ]] wherein, if multiple cost basis adjustment ratios were retrieved from the database by the software, then the software:

[[ (i) ]] assigns an intermediate cost basis equal to the current cost basis;

[[ (ii) ]] adjusts the current cost basis by applying a further cost basis adjustment ratio to the intermediate cost basis; and

[[ (iii) ]] repeats ~~steps (i)-(ii)~~ the steps of assigning an intermediate cost basis equal to the current cost basis and adjusting the current cost basis until each further cost basis adjustment ratio retrieved from the database has been used to adjust the current cost basis,[[;]] wherein each further cost basis adjustment ratio retrieved from the database has an event date associated therewith and is applied in a chronological order such that the cost basis adjustment ratio associated with a latest event date is applied in a final iteration of ~~step (iii)~~ the step of adjusting the current cost basis.

40. (currently amended): A system for determining a cost basis associated with a plurality of shares of a security, comprising:

[[ (A) ]] means for entering, into a computer system, information identifying an issuer associated with the security, a purchase date of the security, a number of shares of the security purchased on the purchase date, and a sale date of the security;

[(B)] means for retrieving, from a database coupled to the computer system or from a user of the computer system, a purchase price per share of the security on the purchase date;

[(C)] means for retrieving from the database, in response to the information identifying the issuer, the purchase date and the sale date, a list of capital events that occurred in connection with the security between the purchase date and sale date,[(D)] wherein the list of capital events includes at least one event selected from the group consisting of a reinvested dividend event, a stock spin-off event, a stock merger event and a stock split event,[(E)] and wherein the database stores past price per share information and capital events for a plurality of different of securities associated with different issuers;

[(D)] means for retrieving from the database one or more cost basis adjustment ratios, wherein each of the cost basis adjustment ratios corresponds to one of the capital events that occurred in connection with the security between the purchase date and the sale date;  
and

[(E)] means for determining a current cost basis associated with the security in accordance with the one or more cost basis adjustment ratios and the purchase price per share of the security.

### **REMARKS/ARGUMENTS**

The Office Action of June 19, 2006 rejects claims 1-40 as being anticipated under 35 U.S.C. 102(e) by U.S. Patent No. 7,031,937 to Brown et al. The applicant respectfully traverses the rejections and requests reconsideration and allowance of all claims.

#### **Rejections of the Claims**

35 U.S.C. §102(e) requires disclosure in the reference of each and every element and limitation in the claims. Multiple elements and/or limitations of independent claims 1, 30, 39 and 40 are not disclosed in the Brown reference. Accordingly, applicant respectfully submits that claims 1-40 are not anticipated under 35 U.S.C. §102(e) by the Brown reference.

An interview with the examiner was conducted on October 13, 2006, in which the examiner indicated that the rejections would be withdrawn pending some amendments, which have been included in this amendments and response. The examiner further advised the applicant to submit a response with remarks, which is provided.

#### **Rejection of Claim 1**

With regard to claim 1, the cited Brown reference fails to disclose various elements of the claim. For example, the Office Action indicates that the Brown reference discloses "retrieving from a database, in response to the information identifying the issuer, the purchase date and the sale date, a list of capital events that occurred in connection with the security between the purchase date and sale date, wherein the list of capital events includes at least one event selected from the group consisting of a distribution reinvestment, a spin-off event, a merger event and a split event, and wherein the database stores past price per share information and capital events for a plurality of different securities associated with different issuers." The cited portions of the Brown reference, however, do not disclose retrieving such a list of capital events, particularly a list of capital events that includes at least one of a "distribution reinvestment, a spin-off event, a merger event and a split event ." Because the Brown does not disclose retrieving a list of capital events, claim 1 is not anticipated by the reference.

The Office Action further states that the Brown reference teaches “retrieving from a database one or more shares held adjustment ratios, wherein the shares held adjustment ratios correspond to at least one of the capital events that occurred in connection with the security between the purchase date and the sale date.” Although the Brown reference discloses retrieving “[p]resent market value information” (col. 5, line 22), there is no disclosure of shares held adjustment ratios or other information for adjusting the number of shares held. Accordingly, the Brown reference does not anticipate claim 1.

The Office Action also states that the Brown reference teaches “determining a current cost basis associated with the security by applying at least one shares held adjustment ratio to the initial basis of the security.” As mentioned, the Brown reference does not disclose a shares held adjustment ratio and does not disclose the use of a shares held adjustment ratio in calculating a cost basis for a security. Consequently, the Brown reference does not anticipate claim 1.

Finally, with reference to claim 1, the Office Action asserts that the Brown reference discloses, “if multiple shares held adjustment ratios were retrieved from the database, then assigning an intermediate cost basis equal to the current cost basis; adjusting the current cost basis by applying a further shares held adjustment ratio to the intermediate cost basis; and repeating the steps of assigning an intermediate cost basis equal to the current cost basis and adjusting the current cost basis until each further shares held adjustment ratio retrieved from the database has been used to adjust the cost basis of the security, wherein each further shares held adjustment ratio retrieved from the database has an event date associated therewith and is applied in a chronological order such that the shares held adjustment ratio associated with a latest event date is applied in a final iteration of the step of adjusting the current cost basis.” The Brown reference does not, however, disclose retrieving shares held adjustment ratios or applying those shares held adjustment ratios to adjust a cost basis for a security. Furthermore, the reference does not disclose applying multiple shares held adjustment ratios to alter the cost basis of a security. Consequently, the Brown reference does not anticipate claim 1.

Rejection of Claim 30

Similarly, claim 30 calls for "accessing a database to identify capital events of interest, wherein said capital events of interest occurred after the investment was purchased, said capital events further including at least one capital event from the group consisting of a dividend reinvestment event, a spin off event, a merger event, a split event, and an option expiration event." Once again, the Brown reference fails to disclose retrieving such a list of capital events and so does not anticipate claim 30.

Claim 30 also calls for "determining from a database the effect of identified capital events of interest on the basis of the investment" and "applying the effect of identified capital events of interest to the original basis to determine a corrected basis." The Brown reference fails to disclose these elements and limitations. Accordingly, the Brown reference does not anticipate claim 30.

Rejection of Claim 39

Claim 39 calls for "software that causes the computer system to retrieve from the database, in response to the information identifying the issuer, the purchase date and the sale date, a list of capital events that occurred in connection with the security between the purchase date and sale date, wherein the list of capital events includes at least one event selected from the group consisting of a reinvested dividend event, a stock spin-off event, a stock merger event and a stock split event, and wherein the database stores past price per share information and capital events for a plurality of different securities associated with different issuers." The Brown reference does not disclose software configured to retrieve such a list of capital events and so does not anticipate claim 39.

Furthermore, claim 39 requires that "the software further causes the computer system to retrieve from the database one or more cost basis adjustment ratios, wherein each of the cost basis adjustment ratios corresponds to one of the capital events that occurred in connection with the security between the purchase date and the sale date" and "the software further causes the computer system to determine a current cost basis associated with the security by applying a first



cost basis adjustment ratio to the purchase price per share of the security.” Again, the Brown reference does not disclose retrieving such a cost basis adjustment ratios or applying a first cost basis adjustment ratio to determine a current cost basis associated with the security. Accordingly, the Brown reference does not anticipate claim 39.

Finally, claim 39 calls for “if multiple cost basis adjustment ratios were retrieved from the database by the software, then the software: assigns an intermediate cost basis equal to the current cost basis; adjusts the current cost basis by applying a further cost basis adjustment ratio to the intermediate cost basis; and repeats the steps of assigning an intermediate cost basis equal to the current cost basis and adjusting the current cost basis until each further cost basis adjustment ratio retrieved from the database has been used to adjust the current cost basis, wherein each further cost basis adjustment ratio retrieved from the database has an event date associated therewith and is applied in a chronological order such that the cost basis adjustment ratio associated with a latest event date is applied in a final iteration of the step of adjusting the current cost basis.” However, the Brown reference does not disclose retrieving cost basis adjustment ratios or applying those cost basis adjustment ratios to adjust a cost basis for a security. Furthermore, it does not disclose applying multiple cost basis adjustment ratios to alter the cost basis. Consequently, the Brown reference does not anticipate claim 39.

#### Rejection of Claim 40

Claim 40 calls for “means for retrieving from the database, in response to the information identifying the issuer, the purchase date and the sale date, a list of capital events that occurred in connection with the security between the purchase date and sale date, wherein the list of capital events includes at least one event selected from the group consisting of a reinvested dividend event, a stock spin-off event, a stock merger event and a stock split event, and wherein the database stores past price per share information and capital events for a plurality of different of securities associated with different issuers.” The Brown reference does not disclose retrieving a list of capital events wherein at least one event consists of a reinvested dividend event, a stock

spin-off event, a stock merger event and a stock split event. Accordingly, the Brown reference does not anticipate claim 40.

Claim 40 also calls for “means for retrieving from the database one or more cost basis adjustment ratios, wherein each of the cost basis adjustment ratios corresponds to one of the capital events that occurred in connection with the security between the purchase date and the sale date.” Because the Brown reference does not disclose retrieving cost basis adjustment ratios, it does not anticipate claim 40.

Finally, claim 40 calls for “means for determining a current cost basis associated with the security in accordance with the one or more cost basis adjustment ratios and the purchase price per share of the security.” The Brown reference does not disclose determining a current cost basis in accordance with one or more cost basis adjustment ratios. Accordingly, the Brown reference does not anticipate claim 40.

#### Dependent Claims

Furthermore, the dependent claims 2-29 and 31-38 are not anticipated by the Brown reference as they depend from claims that are not themselves anticipated by the Brown reference. Because all dependent claims must incorporate all limitations of a parent claim, any claim that depends from an unanticipated claim must, therefore, be unanticipated. See MPEP 608.01(i) Claims [R-3].

#### Nonobviousness

Finally, the applicant notes that nothing in the Brown reference suggests the subject matter of claims 1, 30, 39 and 40 such that the claims could be considered obvious in view of the Brown reference under 35 U.S.C. § 103. For example, the Brown reference does not disclose calculating a cost basis for a security based upon one or more capital events. Rather, the Brown reference simply discloses using the original price of the security. Consequently, one or more capital events could not be used to modify the basis for a security in the Brown system, and a

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Amendment and Response dated November 20, 2006  
Response to Office Action of June 19, 2006

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person of ordinary skill in the art could not modify the Brown reference to arrive at the claimed invention.

Additional Issues


The examiner indicated in the interview that the claims should be amended in view of current §101 requirements relating to tangible output. Claim 1, the sole independent method claim, has been so amended. In addition, the claims have been amended to address various informalities and provide clarification of the language.

CONCLUSION

Please consider the amendments and remarks. In view of the present amendments and comments, the applicant respectfully submits that the claims are in condition for allowance. Please contact the undersigned attorney at the address and telephone number noted below with any questions or comments.

Respectfully submitted,

Date: November 20, 2006

  
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